

**UNIVERSITY OF GUYANA**  
**FACULTY OF SOCIAL SCIENCES**  
**DEPARTMENT OF BUSINESS & MANAGEMENT STUDIES**  
**MKT 2203 – INTERNET MARKETING**  
**LECTURE NOTES - 1**  
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**INTRODUCTION TO INTERNET MARKETING**

**Internet Marketing** is the use of online strategies to promote, advertise, brand and market products or services. Internet marketing encompasses a number of techniques including ads, online public relations, email campaigns, online newsletters, online surveys, viral marketing and pay per click.

The Internet is a worldwide collection of computer networks, cooperating with each other to exchange data using a common software standard. From 1969 to the early 1990's military, academic and a few corporate research users had access to it. The internet serves two purposes:

- As a robust emergency military communication network and
- As an experimental communications system within the academic community.

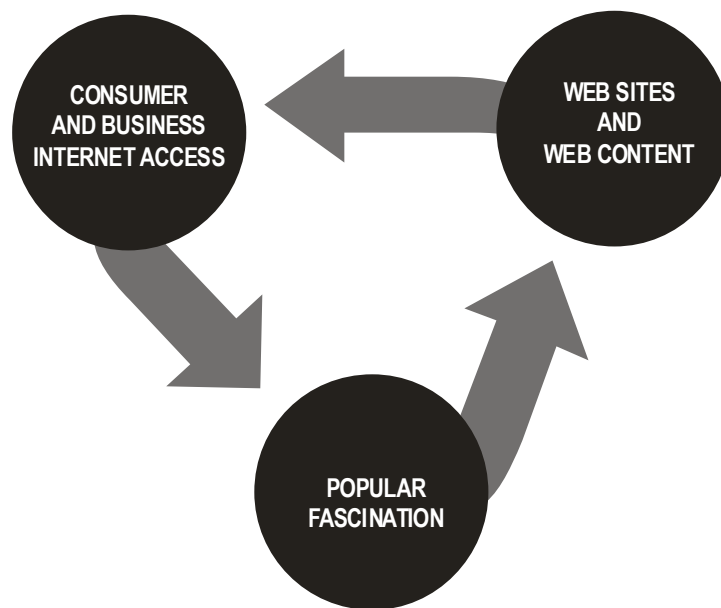
Commercial information and transactions were expressly prohibited.

Despite these restrictions, the internet grew rapidly many universities and labs found it an effective way to keep in touch. In fact, the growing value caused many to feel that bans against commercial use were hurting the economy. The key driver of this growth was e-mail. In the early 1990s the 'big bang' happened – the sudden deregulation of the industry.

In 1994, commercial operations were allowed so the World Wide Web came into being, making it simple for individuals to navigate by just clicking on links and typing in web addresses. Companies found that they can use the web to communicate very effectively with each other. This causes the marketers in

companies to seize the opportunity by creating marketing material that had global reach for a very low cost. Small firms can now compete on a much more even footing with the largest companies in the world. Customers found they could quickly find products and company information at the click of a mouse.

In 1995, when the Internet commercial explosion took off, Web sites lacked many of the features now taken for granted. Sites were static. Only a few pioneering sites had database retrieval capabilities. Security mechanisms and encryption were rare. Streaming media, both sound and video were absent. The internet had limited content. Although the early commercial Internet lacked many features, it did have the power to fascinate. The commercial Internet spawned a virtuous cycle. A **virtuous Web cycle** is a business system with positive feedback.



### **The Virtuous Cycle for Net Growth**

Each element feed off one and onto the other, leading a rapid development and often a large amount of speculation. The core of the Web's virtuous cycle is user fascination. Users become fascinated with the new technology, buy modems, and pay for internet connections. Providers see this developing opportunity and rush to create new brands and services.

### **Benefits for creating a virtuous cycle**

- Reduce the risk of guessing by letting the community define the need, want, problem and value proposition
- Speed development cycles
- Create precise features/values
- Create brand advocates
- Community endorsement

The virtuous Web cycle leads to a rapid growth of consumer access, usage and content online. The worldwide Internet users are estimated at over 1.8 billion. Along with the rapid adoption of the Internet, users have quickly come to depend on it for critical information.

### **Innovative Applications**

This is the rapid developing of tools and capabilities that available to online marketers. A useful categorisation of Web sites is by communication style between company and potential customer. There are currently three major Web site stages:

#### **Stage 1 – Publishing Site**

It publishes the same information to all. A site can contain thousands of pages, pictures, sound and video. It is easy and inexpensive to develop. However this site limits the dialogue between Web site and user. Information flows from the site to the user by just of a click of the mouse. With experience and investment, a company can move to stage 2.

#### **Stage 2 – Databases and Forms**

It combines the publishing power of stage 1 with the ability to retrieve information in response to user requests. Basic e-commerce is accomplished with this stage, where you can use the internet to buy and sell products or services. It is where interactivity had started.

### **Stage 3 – Personalisation**

It moves beyond an 'ask-respond' interaction into a dialogue and may anticipate user choices and suggest possible alternatives. This is the most challenging and least used. Users must reveal at least part of their identities and wants, and the site must be able to respond appropriately.

### **Customers as Partners**

Business-to-business marketing is much larger in volume. Whether it is buying office supplies or developing new product strategies, online business-to-business marketing is having an impact on sales, supplier networks, information quality and distribution channels. Intranets and extranets are blurring the line between customers, allies and partners. *Intranets are internal networks and extranets are external intranets.*

## **MARKETING CONCEPTS**

Philip Kotler defines marketing as '**satisfying needs and wants through an exchange process**'. Within this exchange transaction customers will only exchange what they value (money) if they feel that their needs are being fully satisfied; clearly the greater the benefit provided the higher transactional value an organization can charge.

Marketing for a company is guided by the **Marketing Concepts**.

The **marketing concepts** mean that an organisation aims all its efforts at satisfying its customers at a profit. Kotler's key stages are production, sales and brand management. Each of these is strongly motivated by technological opportunities, which permit new methods and opportunities. A fourth stage, a focus on the individual consumer, is also important. The internet reinforces this new marketing emphasis.

The **production concept** holds that consumers will favour those products that are widely available and low in cost. Organisations concentrate on achieving high production efficiency and wide distribution coverage.

The **selling concept** holds that consumers, if left alone, will ordinarily not buy enough of the organisation's products. The organisation must therefore undertake an aggressive selling and promotion effort.

The **brand management concept** holds that the key to achieving organisational goals consists in determining the needs and wants to target markets and delivering the desired satisfactions more effectively and efficiently than competitors.

The **individual marketing concept** holds that the key to effective marketing is to treat the consumer as an individual and to use interactive dialogue to provide personalised products and services, improve quality and to provide support.

The **societal marketing concept** holds that the organisation's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being.

*Note: There are two handouts as well to complete this lecture.*